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13

ORIGIN EA-14

INFO OCT-01 ADP-00 SS-15 EB-11 COME-00 TRSE-00 CIAE-00

INR-10 NSAE-00 RSC-01 AGR-20 STR-08 NSC-10 /090 R

DRAFTED BY EA/ ROC: MMCDONNELL

4/2/73: EXT. 21321

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R 032146 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

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E. O. 11652: GDS

TAGS: ETRD, TW, CH

SUBJECT: Y. T. WONG MEETING WITH UNDER SECRETARY CASEY

SUMMARY: Y. T. WONG, DIRECTOR, BOARD OF FOREIGN TRADE (BOFT), REPUBLIC OF CHINA (ROC), CALLED ON UNDER SECRETARY CASEY MARCH 30 TO EXPLAIN ROC EFFORTS TO REDUCE TRADE SURPLUS WITH U. S. UNDER SECRETARY WELCOMED ROC EFFORTS AND OFFERED HIS ASSISTANCE IF NEEDED. IN ANSWER TO QUESTIONS BY WONG AND CHEN, UNDER SECRETARY DESCRIBED GENERAL OBJECTIVES OF ADMINISTRATION TRADE BILL SOON TO BE SENT TO CONGRESS AND TOUCHED UPON POSSIBILITY THAT U. S. MIGHT SOMETIME PROVIDE MFN STATUS FOR USSR AND PRC. END SUMMARY.

1. Y. T. WONG, DIRECTOR, BOFT, ACCOMPANIED BY MINISTER CHEN TAI- CHU AND ECONOMIC COUNSELOR T. W. HU OF CHINESE EMBASSY, CALLED ON UNDER SECRETARY CASEY MARCH 30 TO DETAIL ROC EFFORTS TO INCREASE PURCHASES FROM U. S. ROC, WONG SAID, BELIEVES THAT TRADE SHOULD BE MUTUALLY BENEFICIAL AND WANTS TO AVOID SIGNIFICANT TRADE GAPS WITH ANY
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OF ITS PARTNERS. ROC CONCERNED THAT AFTER MODEST BEGINNING IN 1969, ITS TRADE SURPLUS WITH U. S. GREW TO DOLS 450 MILLION (ROC STATISTIC) BY END OF 1972.

2. ROC HAS THEREFORE VOLUNTARILY UNDERTAKEN TO REDUCE THIS SURPLUS BY BUYING AN EVEN GREATER SHARE OF ITS

AGRICULTURAL IMPORTS FROM THIS COUNTRY THAN IT HAS BOUGHT IN PAST; TRYING TO INCREASE U. S. SHARE IN ROC MARKET FOR SPECIFIC PRODUCTS; AND ASSISTING U. S. MANUFACTURERS TO PENETRATE TAIWAN MARKET, FOR EXAMPLE THROUGH AMERICAN PRODUCTS TRADE SHOW SCHEDULED TO BE HELD THERE NEXT MARCH.

3. WONG EXPLAINED THAT U. S. SHARE OF ROC IMPORTS WOULD BE INCREASED THROUGH IMPORT LICENSING SYSTEM. SPECIAL COMMITTEE HAD BEEN SET UP EARLY IN JANUARY WITHIN BOFT TO SCREEN APPLICATIONS FOR IMPORT LICENSES. ALTHOUGH COMMITTEE CANNOT REJECT IMPORT APPLICATIONS, IT HAS AUTHORITY TO DESIGNATE WHERE GOODS SHALL BE PURCHASED ABROAD. IN SHORT TIME SINCE IT HAS BEEN IN OPERATION, COMMITTEE HAS REQUESTED IMPORTERS TO PURCHASE GOODS WORTH ALMOST DOLS 40 MILLION FROM U. S. OR EUROPE.

4. ALTHOUGH ROC TWO- WAY TRADE HAS EXPANDED ABOUT 40 PERCENT ANNUALLY IN PAST SEVERAL YEARS, WONG WANTED IT KNOWN THAT SINCE BEGINNING OF ITS ECONOMIC DEVELOPMENT, ROC HAS MAINTAINED FIRM STAND AGAINST GRANTING EXPORT SUBSIDIES.

5. UNDER SECRETARY REPLIED THAT U. S. WAS INTERESTED IN DEVELOPING OPEN AND FREE TRADING ATMOSPHERE. HE THOUGHT WORLD WAS MOVING ENCOURAGINGLY IN THAT DIRECTION. ADMINISTRATION WOULD BE PROPOSING TRADE LEGISLATION TO CONGRESS SHORTLY WHICH WOULD PROVIDE BASIS FOR NEGOTIATIONS TO REDUCE TARIFF AND NONTARIFF BARRIERS.

6. MINISTER CHEN ASKED WHETHER U. S. WOULD BE GIVING MOST- FAVORED- NATION TARIFF TREATMENT TO USSR AND PRC. UNDER SECRETARY SAID THAT DETAILS OF BILL WERE STILL SUBJECT TO CHANGE BEFORE SUBMISSION TO CONGRESS AND CONGRESS ITSELF MIGHT MAKE ADDITIONAL CHANGES. AS LIMITED OFFICIAL USE

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PRESENTLY WRITTEN, HOWEVER, BILL GIVES PRESIDENT GENERAL

AUTHORITY TO GRANT MFN STATUS; HE MIGHT THEREFORE SOME TIME USE THIS AUTHORITY WITH RESPECT TO BOTH. UNDER SECRETARY ADDED THAT IMPROVEMENT OF OUR RELATIONS WITH PRC WOULD NOT BE AT EXPENSE OF OUR TIES AND RELATIONS WITH ROC AND OTHER FRIENDLY COUNTRIES-

7. WONG CONSIDERED THAT PRC OFFERED ONLY SMALL COMMERCIAL MARKET FOR U. S. PRODUCTS. UNDER SECRETARY REPLIED THAT POTENTIALLY IT WAS BIG BUT WAS NOW RESTRICTED BY LIMITED ABILITY OF PRC TO BUY.

8. WONG OBSERVED THAT TOTAL FOREIGN TRADE OF PRC LAST YEAR WAS 20 PERCENT SMALLER THAN THAT OF ROC. THIS YEAR, IT MAY BE 25-30 PERCENT SMALLER THAN ROC TRADE.

9. IN CLOSING, UNDER SECRETARY EXPRESSED STRONG INTEREST IN ROC EFFORTS TO INCREASE PURCHASES FROM U. S. AND OFFERED ANY ASSISTANCE WONG MIGHT FIND NECESSARY. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE061290
Document Source: CORE
Document Unique ID: 00
Drafter: MMCDONNELL
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730432/aaaahnaf.tel
Line Count: 138
Locator: TEXT ON-LINE
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 30 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30-Jan-2002 by collinp0>; APPROVED <21 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971120
Subject: Y. T. WONG MEETING WITH UNDER
TAGS: ETRD, CH, TW
To: AIT TAIPEI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005